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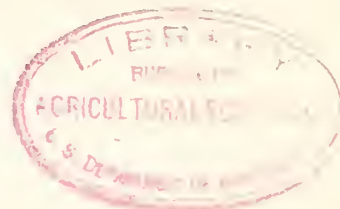
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FARM REAL ESTATE VALUES



The probable course of farm real estate values in the United States during and after the present wars in Europe is a subject of widespread interest and speculation. During the first two years of the World War there was but a moderate rise in farm real estate values, the level for March 1916 being but 5 percent above the level two years earlier. From March 1916 to March 1919, however, average values rose from 8 to 10 percent each year. The most substantial increase occurred during the 12 months ended March 1920, when values rose over 20 percent. Average values for the United States as a whole increased about 65 percent during the period March 1914 to March 1920, but the increases were more limited and lagged behind the increases in prices of farm products and net land rents. Both prices and rents increased over 130 percent during the 6-year period, the most substantial increases occurring in 1916 and 1917.

The present land value situation varies in a number of respects from that in 1914. The revised outlook for land requirements arising out of population growth is perhaps one of the most important changes. In contrast with the rather rapid and continued expansion in land requirements expected in 1914 as a result of population growth, it is now believed that the maximum population will be reached in the next quarter century, with land needs not substantially in excess of the amount available at present.

A change in confidence in land investments arising out of land value and farm price trends has also occurred since the World War. Land values and farm prices were rising for about two decades before 1914, and rising land values were virtually a part of the expected order of events. The current European War on the contrary follows two decades of falling or low land values and one decade of falling or low farm prices.

The character of land holdings has also undergone a considerable change since 1914. Then, the supply of land pressing on the market was negligible. In the present situation, the holdings of erstwhile lenders as well as the increasing accumulation of lands in estates and in the hands of elderly farmers wishing to retire are substantial and are likely to have a curbing influence on value increases.

LAND COSTS MORE

Other factors in the current situation which may be expected to operate in the direction of limiting value increases include higher cost levels than those that prevailed in 1914, as well as some indication that the rates of current returns demanded on investments in land have increased moderately since the period immediately preceding the World War.

On the other hand, certain influences which were not apparent in 1914 may affect the current situation. In 1914, few persons expected prices and values to rise as high as they did. In the current situation it is possible that a considerable number expect values and prices to eventually repeat, in part at least, their World War performance. Such an attitude might be expected to lead to some increased farm real estate activity without the support of farm price increases. It is doubtful, however, that substantial increases based wholly on this expectation are likely and the indications are that it has had little if any influence on the value levels reported for March 1940.

Another factor in the current situation that may come to have considerable influence involves the prevailing attitude toward inflation. It would appear that many more persons are inflation-minded at the present time than was the case in 1914. Since real estate is considered one of the types of investments in which protection against inflation can be obtained, some increased farm real estate activity may result.

Lower interest rates on farm mortgages, a more plentiful supply of mortgage credit, and lower equity requirements are other variations from the 1914 situation which will operate in the direction of supporting value increases.

In general, the changes since 1914 that may be expected to limit or curb value increases appear to outweigh the changes that are likely to support value increases. However, the weight that such a factor as inflation psychology may come to have is unpredictable.

The possibility of even a partial repetition of World War movements in land values would appear to justify giving serious consideration to the formulation of legal measures aimed at discouraging excessive land value increases.

FARM REAL ESTATE: Estimated total value of farm land and buildings, by geographic divisions,
1910 and 1920-39.

Year	New Eng- land Million dollars	Middle Atlantic Million dollars	East North Central Million dollars	West North Central Million dollars	South Atlantic Million dollars	East South Central Million dollars	West South Central Million dollars	Moun- tain Million dollars	Pacific Million dollars	United States Million dollars
1910 ²	719	2,443	8,874	11,615	2,486	1,738	3,129	1,319	2,478	34,801
1920 ²	917	3,002	14,938	24,469	5,202	3,664	6,291	3,163	4,669	66,316
1921	897	2,842	14,048	23,092	4,545	2,930	5,597	2,844	4,680	61,476
1922	907	2,696	12,184	19,761	3,801	2,655	4,817	2,621	4,576	54,017
1923	894	2,724	11,937	18,698	4,166	2,657	4,660	2,465	4,509	52,710
1924	900	2,744	11,392	17,274	4,101	2,525	4,726	2,311	4,495	50,468
1925 ²	906	2,800	11,024	16,531	4,099	2,481	4,959	2,173	4,495	49,468
1926	926	2,828	10,571	16,099	4,181	2,536	5,170	2,196	4,546	49,052
1927	926	2,828	9,998	15,450	3,898	2,508	5,215	2,213	4,598	47,634
1928	933	2,821	9,674	15,306	3,879	2,544	5,384	2,287	4,667	47,495
1929	934	2,838	9,599	15,339	3,882	2,608	5,578	2,373	4,728	47,880
1930 ²	941	2,818	9,337	15,159	3,852	2,685	5,806	2,458	4,824	47,880
1931	960	2,654	8,453	13,546	3,504	2,466	5,233	2,444	4,732	43,993
1932	918	2,497	7,149	11,370	2,958	2,058	4,280	2,029	3,978	37,236
1933	862	2,148	6,054	8,943	2,470	1,691	3,618	1,698	3,240	30,724
1934	878	2,124	6,191	9,298	2,650	1,787	3,886	1,728	3,221	31,764
1935 ²	901	2,141	6,597	9,385	2,792	1,915	4,030	1,772	3,325	32,859
1936	907	2,213	6,980	9,759	2,919	1,984	4,177	1,857	3,450	34,246
1937	921	2,236	7,445	9,851	3,113	2,096	4,248	1,919	3,595	35,425
1938	915	2,262	7,553	9,717	3,182	2,209	4,390	1,911	3,584	35,722
1939	910	2,243	7,527	9,497	3,177	2,244	4,314	1,919	3,524	35,356

1. Owing to rounding of figures, the geographic divisions will not always add to United States total.

2. Census of Agriculture reports.

Bureau of Agricultural Economics; based on values of all land and buildings in census years. Values in intercensal years derived from index of land values per acre and adjusted for changes of acreage of land in farms.

FARM REAL ESTATE: Index numbers of estimated value per acre, by geographic divisions, 1912-39¹. (1912-14 = 100).

Year	New Eng- land	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Moun- tain	Pacific	United States
1912	99	98	97	97	98	97	96	98	94	97
1913	101	100	100	100	100	100	100	102	99	100
1914	100	102	103	103	103	103	104	100	106	103
1915	99	100	104	105	98	99	100	98	107	103
1916	102	104	110	114	108	109	103	98	111	108
1917	112	112	116	122	119	120	116	106	122	117
1918	117	117	127	134	135	140	134	117	129	129
1919	123	121	135	147	161	162	143	130	134	140
1920	140	136	161	184	198	199	177	151	156	170
1921	135	127	151	174	174	163	159	133	155	157
1922	134	118	132	150	146	149	136	122	151	139
1923	130	116	128	142	152	149	132	115	148	135
1924	128	114	121	132	151	142	136	110	147	130
1925	127	114	116	126	148	141	144	105	146	127
1926	128	113	111	121	149	139	144	103	144	124
1927	127	111	104	115	137	133	139	101	143	119
1928	127	110	101	113	134	130	137	101	142	117
1929	126	109	100	112	132	129	136	101	142	116
1930	127	106	96	109	128	128	136	102	142	115
1931	126	101	87	97	116	117	121	100	140	106
1932	116	96	73	81	96	97	97	82	118	89
1933	105	82	62	64	80	79	82	69	96	73
1934	104	83	65	67	87	85	88	69	97	76
1935	104	85	68	68	93	93	91	70	101	79
1936	105	88	72	71	97	96	94	73	105	82
1937	107	89	76	71	104	102	96	75	110	85
1938	106	90	78	70	106	107	99	75	109	85
1939	105	89	77	68	106	109	97	75	107	84
1940 2/	106	90	78	67	107	112	99	76	108	85

1. All farm land with improvements, as of Mar. 1. Owing to rounding of figures, 1912-14 will not always equal exactly 100 percent.

2. Preliminary.

Bureau of Agricultural Economics; based on values as reported by crop reporters.

Values as reported by the census for 1920, 1925, 1930, and 1935 will be found in Agricultural Statistics, 1937, table 491.

For details by States since 1912, refer to The Farm Real Estate Situation, 1935-36, U.S. Department of Agriculture, Circular 417, and subsequent mimeographed reports.

1902-1906



The movement of farm real estate values, farm
prices and rents during the World War

The first two years of the World War had but a limited effect on farm real estate values. On March 1, 1915 values in several geographic divisions were lower than a year earlier, while the average for the country as a whole was unchanged. Moderate increases occurred in all but one of the geographic divisions during the 12 months ended in March 1916, and by that time the level of values for the United States as a whole had increased 5 percent.

The value increases were more substantial during the period from March 1916 to March 1919, with values rising from 8 to 10 percent each year. The largest increase occurred after the War was over. Values rose more than 20 percent during the year ended in March 1920. For the United States as a whole, values in 1920 were 65 percent above 1914 and 70 percent above the 1912-14 average. Average values for each of the three Southern divisions as well as the West North Central division increased considerably more during the period than did the United States average. In the North Atlantic States, values increased about one-half the United States average, while the value peaks for the Western States and the East North Central States were reached at approximately three-fourths of the high point for the country as a whole.

Prices of farm products and income from rentals rose more rapidly and reached higher levels than did land values. A comparison of the relative movements of these three series indicates clearly that land values followed rather than anticipated income and price changes. Although no material increases occurred in any of the series until 1916, after that time the increases in rents and prices were much more substantial than were the land value increases. Average prices for the year beginning in July 1919 were over 130 percent above the level 6 years earlier. Over two-thirds of the increase occurred during the two years following July 1916. The course of rents was much the same as that of prices, with the most substantial increases, as well as the peaks, occurring in the same years. The relation of land values to price movements in each of the major type-of-farming areas was much the same as that for the United States, although values in the Corn Belt rose higher in relation to farm prices than those for the other principal farming areas.

It would appear that after 1916 conditions were increasingly favorable to a rapid rise in farm real estate values as well as to an increase in sales activity. In the first place, there was a period of sustained confidence in agriculture. Farm prices and land values had been rising since before the beginning of the century. Rising land values were almost taken for granted. The widely accepted explanation of this upward trend centered around the notion that population growth was sure to continue, and that the supply of good public lands was exhausted. In the second place, current farm earnings were substantial. Farm prices and gross income had increased more rapidly than had expenses, particularly taxes. Higher net earnings resulted in more funds being available for investment by farm owners and tenants, and encouraged purchases by nonfarmers. Furthermore, credit was readily obtainable, farms were easily sold, and there was no accumulation of farms pressing on the market and tending to curb the upward movement in values.

Lag in Values

While farm real estate values normally lag behind price and income movements, the extent of the lag during 1917 and 1918 would appear to lend credence to the contention that during these years farmers in general viewed current prices as more or less temporary in nature, expecting them to drop materially at the end of the War, and were, therefore, slow in bidding up the price of land. When the War was over and prices continued to move upward during the following 18 months, the belief that current prices were here to stay for a considerable period spread rather quickly, with the result that spectacular increases in values and in sales activity occurred in many areas.

While many farms during the period probably sold at prices that bore little relation to current earnings, the basic difficulty seems to have centered around the failure to appreciate fully the abnormality of the current income and price levels and the unlikelihood of their continuance. Several agricultural economists at the time realized the transitory nature of the current price situation and warned of the hazards involved in rapidly rising land values, although most of the statements appeared somewhat too late for maximum effectiveness. In areas where the real estate market was most active, the situation was aggravated by the operation of buyers whose interest in purchase was primarily resale at higher prices.

The situation in 1939 compared with 1914

The general attitudes on several of the fundamental factors influencing land values have changed materially since the World War. The influence of many of the changed circumstances will tend to limit and restrict land value increases, although certain of the changes will operate in the direction of supporting a rise in values. The effect of certain of the long-term factors may be obscured by current farm price movements, which have a dominant influence on land values. In anticipating future incomes, price and income levels prevailing during the current period weigh heavily, with increasing importance attached to the more recent years. Thus, if farm prices eventually rise, the effects of such a rise are almost bound to be reflected in land values. The influence of the circumstances which have changed since 1914 will operate largely in the direction of conditioning the response of land values to current price changes.

From the long-time viewpoint, perhaps the greatest change has occurred in the outlook for agricultural land requirements arising out of a changed trend in population growth. In 1914 population was expanding rapidly, with no material change in the rate of growth expected in the very immediate future. At the present time population students expect that the maximum population will be reached within the next 20 or 25 years, and the maximum need for agricultural land is not expected to exceed by any substantial amount that available at present. Hence, in the present outlook there is little or no basis for expecting an upward trend in land values on the basis of growing population in relation to limited land resources.

Other changes that have occurred since the War and have affected the long-term outlook for either the demand or supply of agricultural products in much the same fashion as population expectations include: a much less favorable export situation; the substitution of machine for animal power; the substitution of non-agricultural raw materials for agricultural; and indications that the efficiency of

agricultural production has increased. With the removal of production restrictions and the adoption of improved techniques, it is quite generally felt that there could be a rapid and substantial increase in agricultural production in response to a rise in farm prices without increasing materially the present acreage of land in farms.

New Attitudes

The confidence of farmers in farm land values has also changed since 1914. At the beginning of the last War, investments in farm land were quite generally believed to constitute about the maximum in the way of security. Such investments could be readily liquidated and at the same time were expected to increase more or less continuously in value. This expectation developed as a result of favorable price and value trends for about two decades before the outbreak of the War. For the United States as a whole, land values in 1914 were about 120 percent above those in 1900, while the index of wholesale prices of agricultural commodities had risen about 40 percent. The downward movement in land values after 1920 is sufficiently fresh in the minds of most farmers to create quite a different attitude from that which prevailed in 1914 in this respect. As a result of this changed attitude toward the security of land investments, it would seem likely that if increased earnings again resulted from war demands, many more farmers would use such earnings to retire debt obligations and increase living standards in preference to their use for expanding operations.

The direction in which several more immediate market influences are operating has also changed materially since 1914. The farm land holdings in the hands of unwilling owners have become a much more important factor. The farm real estate holdings of the Federal land banks, the Federal Farm Mortgage Corporation, Joint Stock Land Banks, Life Insurance Companies, and three State Credit Agencies have been estimated at about 28,000,000 acres. The holdings of commercial banks, mortgage companies, and other agencies are also substantial. In Iowa, corporate lending agencies hold over 11 percent of the total farm land in the State. Even though the prices of farm products rise, the influence of these holdings on land values will likely be repressive, although the degree will depend to a considerable extent upon disposal policies followed.

Immediately after the outbreak of the current war, there were reports that a number of insurance companies had at least temporarily withdrawn their farms from the market in order to better evaluate the current war situation. However, most companies are more or less desirous of liquidating a substantial part of their holdings and while they wish to sell at the best possible prices, they will probably hesitate to pass up reasonably good offers in order to hold for somewhat uncertain value increases. In addition, in several States there are limitations on the period during which such corporations can hold land. Just how effective these limitations may be is subject to some question. Where penalties for holding in excess of the period allowed are used, they may operate successfully with moderate land value increases. They probably would not be effective in case of substantial value increases.



Land for Sale

In addition to corporate holdings, it is probable that there has been an increasing accumulation of land in estates and in the hands of elderly farmers wishing to retire. Thus the total amount of land pressing on the market is much greater than was the case in 1914, and it is probable that more land would now be offered in response to land price increases than was the case then.

Other changes from the 1914 situation which may tend to restrain value increases include higher cost levels as well as the possibility that somewhat higher current rates of return on land investments are now required. In recent years prices paid by farmers for commodities used in production have been from one-fourth to one-fifth higher than pre-war, while taxes have been about four-fifths above the pre-war average. On the basis of data available, only tentative statements can be made concerning changes in the rates of return expected on farm real estate investments. If the depression years are eliminated, the ratio of current earnings to current values has been somewhat higher than that during the 1910-14 period. The low rates before the War are usually explained on the basis of expected benefits from rising values which would justify the acceptance of lower current earnings. During the more stable periods after the War, little or no weight was given to value increase prospects, and current earnings represented the full return expected.

However, current mortgage interest rates are lower than those before the War, and if continued for a period may operate to offset the tendency toward higher ratios of current earnings to values. In addition to lower interest rates, other changes that have occurred since 1914 and that may be expected to support value increases include increased supplies of mortgage credit, and lower equity requirements, particularly in case of purchase from corporate agencies. On the other hand, stricter security requirements on loans tend to offset to some extent the effect of the increased volume of credit available.

Experience gained during and after the World War has also caused certain changes in expectations that may affect value movements. At the beginning of the World War, few people foresaw the heights to which farm prices and land values would rise. Now, many people expect values and prices to repeat their World War performance. The effect of this expectation may result in increased real estate activity somewhat earlier than would be expected on the basis of price and value relationships prevailing during the first part of the World War. It would seem doubtful, however, that any substantial increase in values based wholly on this attitude would occur. Furthermore, substantial farm price increases due to war demands are likely to have much less influence on land values than previously was the case because the temporary nature of the levels prevailing during the World War will be remembered.

Attitudes toward inflation constitute still another element in the current situation that may influence values materially. In recent years, many more persons than in 1914 have been inflation-minded. While the effect that this influence may come to have is largely conjectural, it should be recognized that conditions favorable to price inflation have existed for a number of years, and that the present War may supply the stimulus that has been lacking.

In general, the effect of most of the changed attitudes toward land values should be to give less weight to current price increases based on war demands in anticipating the series of future incomes upon which values are primarily based. The expectation of a repetition of World War prices and values, however, may strengthen values somewhat earlier than was the case in 1914, largely through the effect of this expectation on landowners or buyers whose interest is primarily sale or resale in contrast with those whose interest is income over a period. However, it appears that the possible type of reaction suggested has not yet been reflected in current land value estimates. Even though such an original strengthening did occur, it would later seem reasonable to expect values to lag behind price increases even more than during the World War, and the cessation of hostilities would probably bring about a weakening of values in advance of sharp price declines.

While some increase in land values, based on a reasonable relation to income, would appear desirable, it is very doubtful that increased income based on war conditions constitutes an adequate basis for more than a mild rise in land values. Even though values lag considerably behind the current price increases that may arise as a result of such conditions, the chances are that the value increases will exceed those justified by a series of future incomes. The longer the war price levels prevail, the greater will be the probable divergence of values from a level making proper allowance for the temporary nature of war-time prices.

Then too, while the probability of values repeating their World War performance may not be imminent, the possibility of some such repetition is real, since attitudes change and unforeseen elements develop.

Cash Income From Farm Marketings--
Total, Per Farm, and Per Capita--
United States, 1910-39.

Year	Cash income ^{1/}	Number of farms, January 1	Cash income per farm	Farm population January 1	Cash income per capita
	Million dollars	Thousands	Dollars	Thousands	Dollars
1910---	5,785	6,362	909	32,077	180
1911---	5,581	6,390	873	32,110	174
1912---	5,966	6,420	929	32,210	185
1913---	6,251	6,450	969	32,270	194
1914---	6,015	6,480	928	32,320	186
1915---	6,391	6,520	980	32,440	197
1916---	7,755	6,560	1,182	32,530	238
1917---	10,648	6,540	1,628	32,340	329
1918---	13,464	6,520	2,065	31,770	424
1919---	14,436	6,470	2,231	30,930	467
1920---	12,553	6,448	1,947	31,614	397
1921---	8,107	6,500	1,247	31,763	255
1922---	8,518	6,510	1,308	31,749	268
1923---	9,524	6,400	1,488	31,130	306
1924---	10,150	6,350	1,598	30,817	329
1925---	10,927	6,372	1,715	30,830	354
1926---	10,529	6,340	1,661	30,519	344
1927---	10,699	6,260	1,709	30,170	355
1928---	11,024	6,270	1,758	30,188	365
1929---	11,221	6,290	1,784	30,220	371
1930---	8,883	6,289	1,412	30,169	294
1931---	6,283	6,390	983	30,497	206
1932---	4,682	6,530	717	30,971	151
1933---	5,278	6,720	785	31,693	167
1934---	6,273	6,770	927	31,770	197
1935---	6,969	6,812	1,023	31,801	219
1936---	8,212	6,830	1,202	31,809	258
1937---	8,744	6,820	1,282	31,729	276
1938---	7,599	6,850	1,109	31,819	239
1939---	7,711	6,920	1,114	32,059	241

^{1/} From marketings (excludes government payments).

Cash Income and Government Payments--
Total, Per Farm, and Per Capita--
United States, 1910-39.

Year	Government payments	Cash income and Government payments		
		Total	Per farm	Per capita
	Million dollars	Million dollars	Dollars	Dollars
1933-----	131	5,409	805	171
1934-----	447	6,720	993	212
1935-----	573	7,542	1,107	237
1936-----	287	8,499	1,244	267
1937-----	367	9,111	1,336	287
1938-----	482	8,081	1,180	254
1939-----	807	8,518	1,231	266

Total Outstanding Farm-Mortgage Debt
and Amount Held by Principal Lender Groups, 1910-39

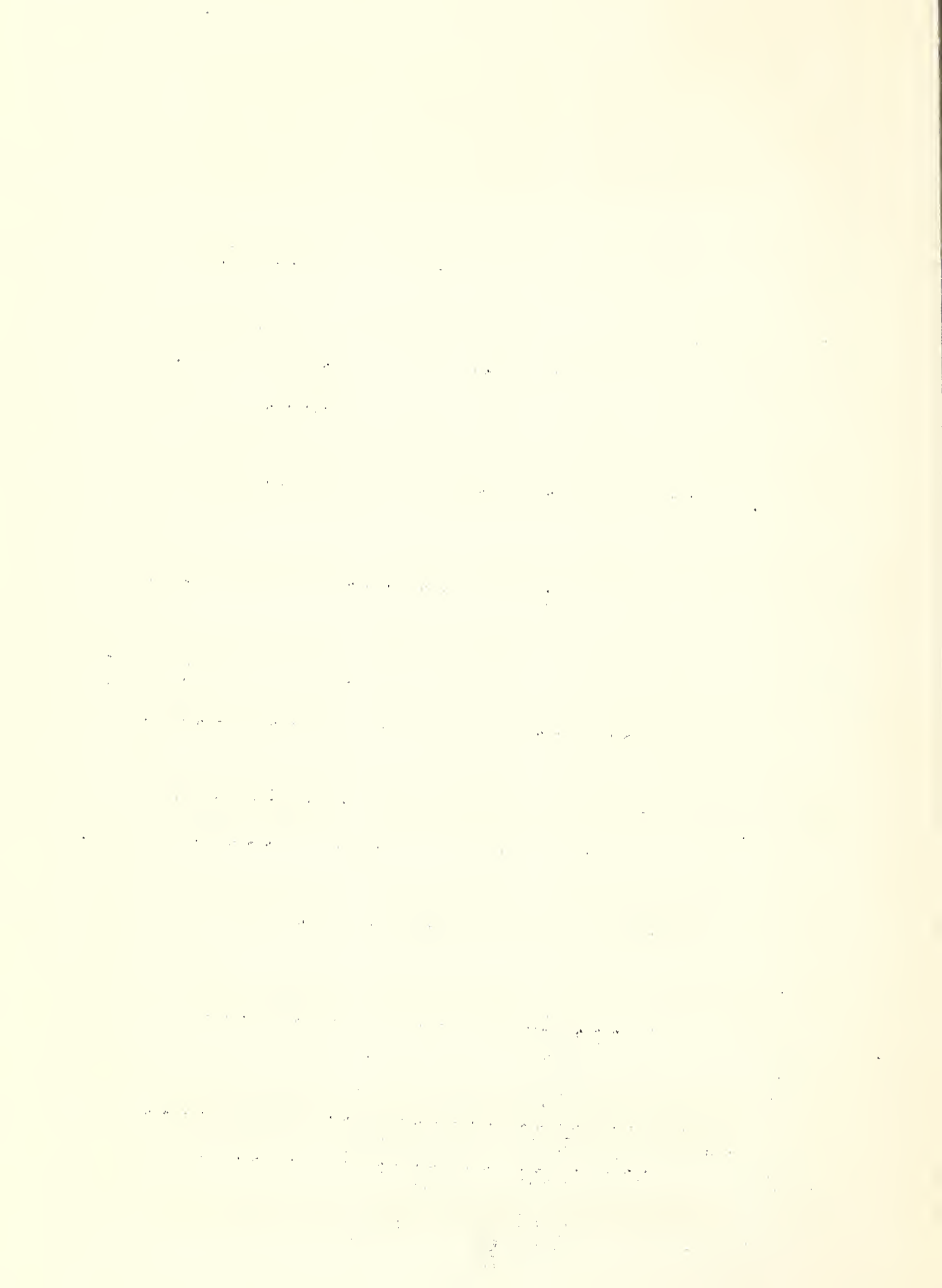
Total outstanding farm-mortgage debt rose rapidly from \$3,207,863,000 on January 1, 1910 to \$10,785,621,000 on January 1, 1923. Since 1923 there has been a continuous reduction in farm-mortgage debt, the total on January 1, 1939 amounting to \$7,070,896,000. Life insurance company holdings, during the period 1910-20, rose from \$386,961,000 to \$974,826,000, and continued to rise up to 1928 when the total amounted to \$2,172,863,000. On January 1, 1929 life insurance holdings had been reduced to \$887,336,000, or about to the same level as in 1917. Commercial bank holdings of farm mortgages rose threefold from 1910 to 1920 and on January 1, 1922 had further increased to \$1,540,005,000. After 1922 the holdings of commercial banks declined each year to 1936 when the total was less than one-third of the 1922 total. Since 1936 there has been a small rise in commercial bank holdings. Federal land bank holdings reached \$1,182,813,000 at the beginning of 1929 declined slightly to 1933, and then rose to \$2,059,845,000 at the beginning of 1936. Since that date Federal land bank holdings have declined slightly. Land Bank Commissioner loans rose to \$835,807,000 at the beginning of 1937 and have declined since that date. The mortgage holdings of the joint stock land banks reached a peak at the beginning of 1928 and declined steadily until 1933. Since 1933 these institutions have been in liquidation. On January 1, 1939, the land banks and the Land Bank Commissioner, life insurance companies, and commercial banks held about 60 percent of the entire farm-mortgage debt.

Table 1. Estimated amount of farm-mortgage loans outstanding, by geographic division,
January 1, 1910-39.

Year	United States	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1910	3,207,863	70,202	269,716	807,008	1,276,944	130,334	108,777	260,505	99,455	194,922
1911	3,522,121	70,525	273,296	870,488	1,419,750	139,915	118,550	305,971	121,819	201,807
1912	3,929,758	75,032	289,728	949,313	1,570,724	170,971	118,502	371,857	142,891	240,740
1913	4,347,679	83,911	317,966	1,017,526	1,717,743	177,327	126,470	421,479	175,413	309,844
1914	4,707,358	91,057	337,557	1,083,543	1,870,562	184,816	145,667	448,243	191,829	354,084
1915	4,990,785	98,442	338,810	1,135,733	2,033,042	193,046	141,441	451,187	214,338	384,746
1916	5,256,425	102,586	326,437	1,181,374	2,202,430	197,310	138,805	478,016	233,826	395,641
1917	5,825,851	108,392	314,939	1,288,375	2,497,278	220,894	149,248	518,876	286,173	441,676
1918	6,536,860	109,405	341,481	1,398,655	2,793,831	231,019	187,247	598,134	375,001	502,087
1919	7,137,365	105,763	359,611	1,457,560	3,032,137	267,497	240,198	687,106	461,930	525,563
1920	8,448,772	114,757	406,047	1,662,678	3,506,470	391,069	358,440	805,184	592,675	611,452
1921	10,221,126	125,328	446,685	1,964,232	4,376,022	505,770	447,640	902,149	719,962	733,338
1922	10,702,257	133,054	459,197	2,039,436	4,591,790	548,372	445,402	978,472	759,065	747,469
1923	10,785,621	142,129	463,382	2,091,683	4,636,928	530,457	406,395	1,015,690	771,600	727,357
1924	10,664,919	146,810	459,773	2,100,145	4,629,411	504,705	394,909	1,000,372	695,467	733,327
1925	9,912,650	141,117	446,620	1,938,810	4,277,934	491,410	378,036	923,342	581,088	734,293
1926	9,713,213	142,860	457,527	1,887,197	4,008,648	555,490	399,881	963,988	533,710	763,912
1927	9,658,422	140,878	467,939	1,854,988	3,807,772	600,170	426,453	1,034,316	525,035	800,871
1928	9,756,957	152,607	473,185	1,880,987	3,778,713	588,726	446,916	1,092,225	529,509	814,089
1929	9,756,559	162,858	472,613	1,917,596	3,734,571	546,157	439,773	1,091,781	551,371	839,839
1930	9,630,768	171,708	456,463	1,883,614	3,570,279	519,348	432,732	1,109,328	575,012	912,284
1931	9,458,281	176,170	464,033	1,818,684	3,474,157	494,501	418,479	1,089,845	587,874	934,538
1932	9,214,004	184,500	469,020	1,757,767	3,342,008	465,927	401,762	1,081,423	577,436	934,161
1933	8,638,383	185,799	459,317	1,657,756	3,082,199	423,008	366,538	1,020,388	540,400	902,978
1934	7,887,119	176,969	424,824	1,522,624	2,760,665	401,704	341,806	941,117	481,768	835,642
1935	7,785,971	176,003	413,578	1,535,006	2,694,140	421,644	354,212	934,687	474,214	782,487
1936	7,638,867	177,571	411,207	1,517,589	2,610,766	418,166	348,800	906,683	476,788	771,297
1937	7,389,797	180,458	408,443	1,471,281	2,466,544	408,348	341,931	879,928	463,423	769,441
1938	7,214,138	183,099	404,345	1,433,019	2,376,056	401,799	339,730	852,785	453,855	769,450
1939	7,070,896	186,574	400,681	1,409,046	2,290,887	397,024	340,396	831,806	445,915	768,567

1/ Totals differ slightly from those in the October 1939 issue of the Agricultural Situation because of adjustments in certain States.

1908-40-12



FARM MORTGAGE DEPT: TOTAL AMOUNTS OUTSTANDING AND AMOUNT AND PERCENT OF TOTAL HELD BY PRINCIPAL
LENDER GROUPS, January 1, 1910-39.

(In millions of dollars)

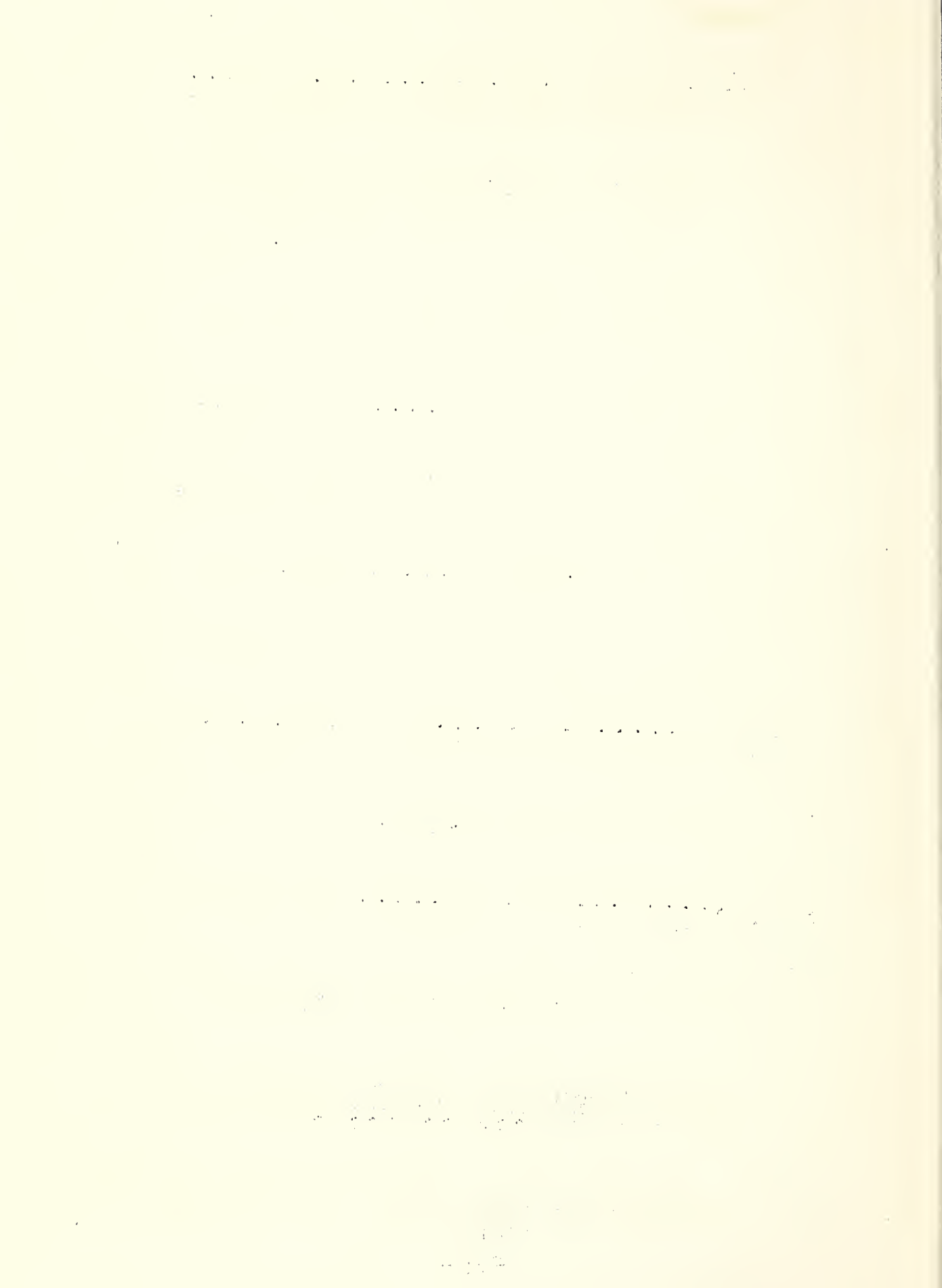
Year:	Total amount: Life insurance:			Commercial:			Joint-stock:			Federal land:			Land Bank:			Individuals:		
	outstanding:			companies:			banks 1/:			banks 2/:			banks 3/:			Commissioner:		
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1910	3,208	12.1	387	12.6	406	12.6									2,415	75.3		
1911	3,522	12.0	423	13.6	478	13.6									2,621	74.4		
1912	3,930	12.2	480	14.8	580	14.8									2,870	73.0		
1913	4,348	12.7	550	15.5	674	15.5									3,124	71.8		
1914	4,707	12.7	597	15.4	724	15.4									3,386	71.9		
1915	4,991	13.4	670	15.0	746	15.0									3,575	71.6		
1916	5,256	14.5	765	14.8	776	14.8									3,715	70.7		
1917	5,826	14.8	861	16.0	934	16.0									4,031	69.2		
1918	6,537	14.6	956	15.4	1,008	15.4				2	0.1	39	0.6		4,532	69.3		
1919	7,137	14.3	1,018	14.4	1,030	14.4			8	.1	157	2.2			4,924	69.0		
1920	8,449	11.5	975	14.3	1,204	14.3			60	.7	296	3.5			5,913	70.0		
1921	10,221	11.8	1,206	14.1	1,447	14.1			78	.8	356	3.5			7,134	69.8		
1922	10,702	13.4	1,432	14.4	1,540	14.4			85	.8	443	4.1			7,202	67.3		
1923	10,786	14.4	1,556	14.0	1,506	14.0			219	2.0	656	6.1			6,849	63.5		
1924	10,665	16.8	1,792	13.0	1,388	13.0			393	3.7	822	7.7			6,270	58.8		
1925	9,913	19.6	1,943	12.1	1,201	12.1			446	4.5	923	9.3			5,400	54.5		
1926	9,713	20.9	2,030	12.1	1,178	12.1			546	5.6	999	10.3			4,960	51.1		
1927	9,658	22.0	2,124	11.8	1,143	11.8			632	6.5	1,069	11.1			4,690	48.6		
1928	9,757	22.3	2,173	11.3	1,097	11.3			667	6.8	1,145	11.7			4,675	47.9		
1929	9,757	21.9	2,139	10.8	1,047	10.8			656	6.7	1,183	12.1			4,732	48.5		
1930	9,631	21.9	2,106	10.3	997	10.3			627	6.5	1,186	12.3			4,715	49.0		
1931	9,458	21.8	2,059	10.0	947	10.0			591	6.3	1,176	12.4			4,685	49.5		
1932	9,214	21.8	2,007	10.2	940	10.2			537	5.8	1,152	12.5			4,578	49.7		
1933	8,638	21.6	1,869	10.3	889	10.3			459	5.3	1,106	12.8			4,315	50.0		
1934	7,887	21.1	1,661	9.0	711	9.0			392	5.0	1,203	15.2	71	0.9	3,849	48.8		
1935	7,786	16.2	1,259	6.4	499	6.4			256	3.3	1,885	24.2	617	7.9	3,270	42.0		
1936	7,639	13.8	1,055	6.4	487	6.4			176	2.3	2,060	27.0	794	10.4	3,067	40.1		
1937	7,390	12.7	936	6.6	488	6.6			134	1.8	2,053	27.8	836	11.3	2,943	39.8		
1938	7,214	12.4	895	6.9	501	6.9			104	1.4	2,025	28.1	812	11.3	2,877	39.9		
1939	7,071	12.6	887	7.3	519	7.3			87	1.2	1,972	27.9	752	10.6	2,854	40.4		

1/ For the years 1910-33, inclusive, this column relates to open State and national banks; for the years 1934 to 1939 the figures relate to insured commercial banks.

2/ Includes banks in receivership.

3/ Excludes Puerto Rico.

1908-40-13



FARM MORTGAGE DEBT HELD BY LIFE INSURANCE COMPANIES

Total Amounts and Percent of Total Farm Mortgage Debt Outstanding in the United States and Designated Regions, January 1, 1910, 1915 and 1920-1939

(In Thousands of Dollars)

Year	United States	North Atlantic 1/	East North Central 2/	West North Central 3/	Southern 4/	Western 5/						
	Amount	Per-cent	Amount	Per-cent	Amount	Per-cent						
1910	386,961	12.1	611	.2	78,837	9.7	254,423	19.9	43,149	8.6	9,941	3.5
1915	669,984	13.4	479	.1	120,957	10.7	414,006	20.4	109,691	14.0	24,851	4.1
1920	974,826	11.5	172	*	145,903	8.8	621,258	17.7	175,608	11.3	31,885	2.6
1921	1,205,778	11.8	164	*	169,570	8.6	760,155	17.4	236,783	12.8	39,106	2.7
1922	1,432,367	13.4	510	.1	198,877	9.8	881,247	19.2	306,309	15.5	45,424	3.0
1923	1,556,203	14.4	571	.1	222,929	10.7	943,797	20.4	333,310	17.1	55,106	3.7
1924	1,792,145	16.8	923	.2	270,118	12.9	1,095,222	23.7	363,400	19.1	62,482	4.4
1925	1,942,624	19.6	567	.1	311,226	16.1	1,184,712	27.7	377,068	21.0	69,051	5.2
1926	2,030,301	20.9	514	.1	340,467	18.0	1,236,271	30.8	381,553	19.9	71,496	5.5
1927	2,123,664	22.0	459	.1	368,449	19.9	1,286,180	33.8	393,421	19.1	75,155	5.7
1928	2,172,863	22.3	403	.1	380,349	20.2	1,315,813	34.9	395,260	18.6	81,038	6.0
1929	2,138,980	21.9	333	.1	379,547	19.8	1,289,363	34.5	387,030	18.6	82,707	5.9
1930	2,105,477	21.8	504	.1	370,366	19.7	1,224,577	34.3	409,008	19.8	101,022	6.8
1931	2,059,221	21.8	443	.1	370,976	20.4	1,194,974	34.4	397,343	19.8	95,485	6.3
1932	2,007,361	21.8	472	.1	369,700	21.0	1,154,038	34.5	388,363	19.9	94,788	6.3
1933	1,869,160	21.6	567	.1	348,820	21.0	1,074,022	34.8	354,742	19.6	91,009	6.3
1934	1,661,046	21.1	562	.1	317,581	20.9	938,961	34.0	319,767	19.0	84,175	6.4
1935	1,258,900	16.2	536	.1	249,716	16.3	692,395	25.7	248,389	14.5	67,864	5.4
1936	1,054,770	13.8	519	.1	213,402	14.1	569,958	21.8	211,507	12.6	59,384	4.8
1937	936,454	12.7	481	.1	189,459	12.9	495,291	20.1	197,675	12.1	53,548	4.3
1938	895,470	12.4	583	.1	187,111	13.0	455,609	19.2	196,828	12.3	55,339	4.5
1939	887,336	12.6	1,228	.2	194,923	13.9	440,024	19.2	198,897	12.7	52,264	4.3
1/	Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Penn.											
2/	Ohio, Indiana, Illinois, Michigan, Wisconsin.											
3/	Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas											
4/	Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida,											
5/	Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, Texas.											
	Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Washington, Oregon, California.											

1/ Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Penn.
2/ Ohio, Indiana, Illinois, Michigan, Wisconsin.

3/ Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas
4/ Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida,
Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, Texas.

5/ Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Washington, Oregon, California.

* Less than .05 percent.

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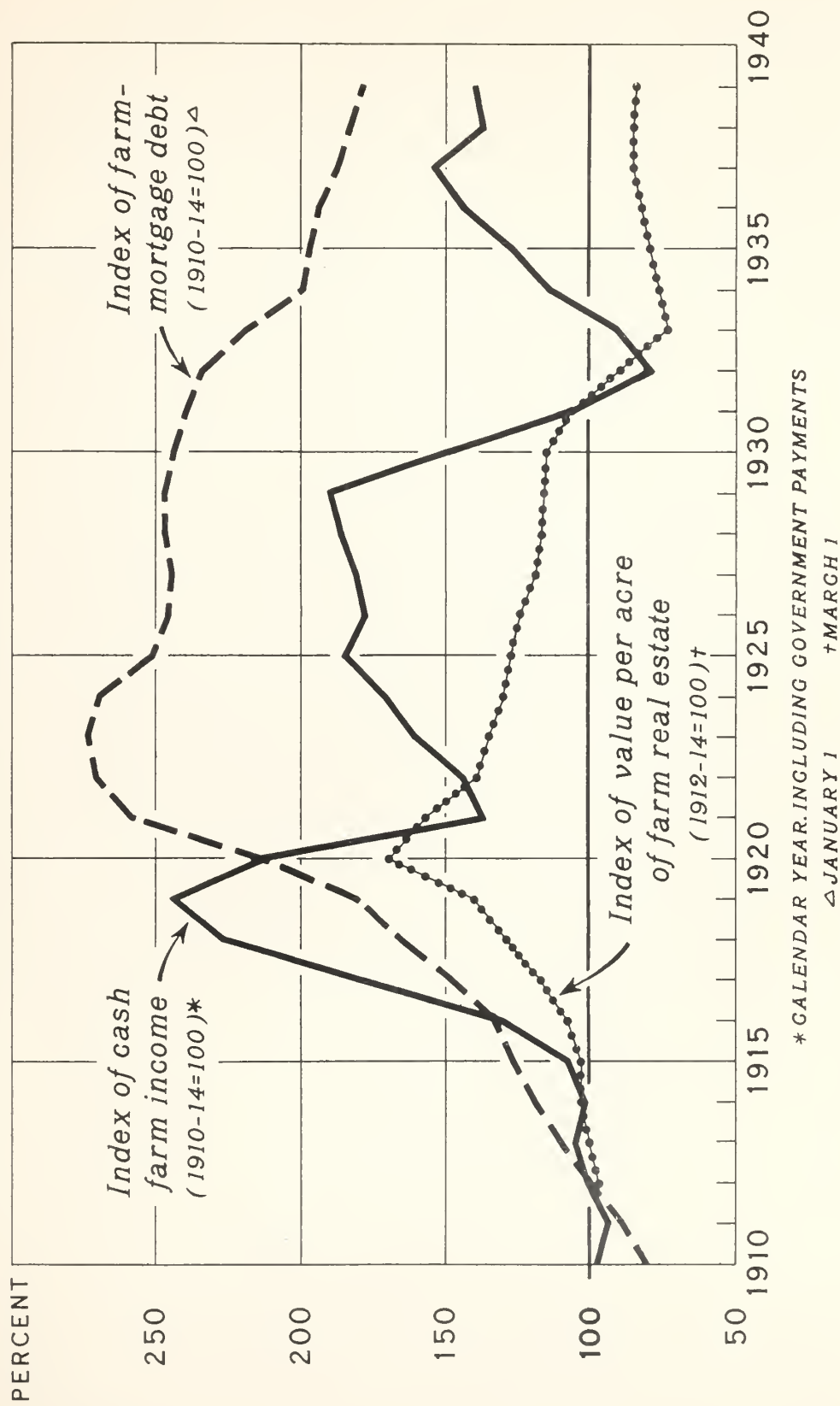
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Farm-Mortgage Debt and Cash Farm Income, 1910-39
and Value Per Acre of Farm Real Estate, 1912-39

Farm-mortgage debt rose rapidly from 1910 to 1921 and the rise continued at a slower rate up to about 1923. Cash farm income declined sharply in 1920 and 1921 and was followed by a rapid reduction in land values in 1921 and 1922. From 1921 to 1929 cash farm income rose whereas land values and mortgage debt were declining. Cash farm income fell sharply after 1929 and was followed by a further reduction in land values. The largest reduction of farm-mortgage debt did not occur, however, until 1932 and 1933. Farm-mortgage debt has continued to decline in recent years despite improved farm incomes and land values. The decline of farm-mortgage debt in recent years has resulted both from continued foreclosures and from principal repayments, the latter becoming of greater importance in the most recent years.



CASH FARM INCOME AND FARM-MORTGAGE DEBT, 1910-39, AND VALUE PER ACRE OF FARM REAL ESTATE, 1912-39





Average Interest Rates on Outstanding Farm Mortgages,
January 1, 1913, 1923, 1933, and 1939

In pre-war years there were wide regional variations in farm-mortgage interest rates, the rates in effect in the West and South being much higher than in the Midwest and in most of the Eastern States. The regional differences were less in 1923, but the rates were still much higher in the West and South than elsewhere. By 1933 there had been a general lowering of interest rates, but high rates still prevailed in several of the Western and Southern States. From 1933 to 1939 the level of rates had fallen from an average of about 6 percent to about 5 percent and regional differences had become much less. The decline of interest rates from 1933 to 1939 reflects the reductions of interest rates through the refinancing operations of the Federal land banks and Land Bank Commissioner, the further temporary reductions of rates on loans held by these agencies, and the reduced rates charged by private lenders on new loans.

Forced and Voluntary Sales of Farms, 1926-39

The rate of forced sales of farm real estate for the United States as a whole rose rapidly after March 1931, and reached a peak during the year ended in March 1933 that was $2\frac{1}{2}$ times the average prevailing during the 5-year period 1926-30. Since 1933 the frequency of forced sales has declined each year and during the last 2 years the level has been lower than for any year since data became available in 1926. In general, the direction of the movement of voluntary transfers has been in contrast to that for forced transfers, voluntary transfer rates reaching comparatively low levels during the periods of highest forced sale frequency. Considerable regional variation appears in the movement of forced sales during the period. The forced sale levels reached in the West North Central, East South Central and South Atlantic groups of States were higher than for the country as a whole. In the two latter groups, delinquent tax sales accounted for somewhat less than one-half of total forced sales in the year of highest frequency. During the same year sales resulting from mortgage debt difficulties comprised about 85 percent of the total distress sales in the West North Central States. The larger percentage of farms mortgaged, together with relatively high ratios of mortgage debt to land value, accounts for a substantial part of the higher frequency of forced sales in this region.

Acquired Farm Real Estate Held by Leading Lending Agencies
January 1, 1929-39
(In Thousands of Dollars)

Year	Federal Land Banks and Federal Farm Mortgage Corporation <u>1/</u>	Life Insurance Companies <u>2/</u>	Joint Stock Land Banks <u>3/</u>	All Active Insured Commercial Banks <u>4/</u>	Three State Credit Agencies <u>5/</u>
1929	26,478	88,305	15,236	<u>6/</u>	19,540
1930	29,517	120,020	19,685	<u>6/</u>	26,860
1931	36,931	151,229	22,202	<u>6/</u>	33,511
1932	53,658	219,947	37,957	<u>6/</u>	39,008
1933	83,336	316,931	71,741	<u>6/</u>	47,454
1934	96,774	465,072	85,740	<u>6/</u>	56,094
1935	96,780	600,873	81,700	<u>6/</u>	60,270
1936	120,091	646,280	78,202	74,166 <u>7/</u>	61,531
1937	135,178	713,166	72,781	69,525	68,444
1938	132,288	705,207	62,030	56,311	72,040
1939	139,440	702,861	53,885	49,143	73,301

- 1/ Investment, including sheriffs' certificates and judgments. Excluding prior liens.
- 2/ Investment - partially estimated.
- 3/ Carrying value of real estate, including sheriffs' certificates and judgments. Real estate held by banks in receivership included at book value.
- 4/ Book value.
- 5/ Investment. Rural Credit Board of South Dakota, Bank of North Dakota, and Department of Rural Credit of Minnesota.
- 6/ Data unavailable.
- 7/ June 30.

FARM INVESTMENT OF LIFE INSURANCE COMPANIES

Amounts and Percent of Total Holdings Represented by Farm
Mortgages and Farm Real Estate Owned; Total Farm Investments
January 1, 1929-1939

(In Millions of Dollars)

Year	Total Farm Mortgage Debt		Farm Real Estate Owned		Total Farm Investment	
	Amount	Percent	Amount	Percent	Amount	Percent
1929	2,139	96.0	88	4.0	2,227	100.00
1930	2,105	94.6	120	5.4	2,225	100.00
1931	2,059	93.2	151	6.8	2,210	100.00
1932	2,007	90.1	220	9.9	2,227	100.00
1933	1,869	85.5	317	14.5	2,186	100.00
1934	1,661	78.1	465	21.9	2,126	100.00
1935	1,259	67.7	601	32.3	1,860	100.00
1936	1,055	62.0	646	38.0	1,701	100.00
1937	936	56.8	713	43.2	1,649	100.00
1938	895	55.9	705	44.1	1,600	100.00
1939	887	55.8	703	44.2	1,590	100.00

State and division	Taxes per acre										Index numbers 1/ (1909-13 = 100)										Taxes per \$100 of value 2/																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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ECONOMIC TRENDS AFFECTING AGRICULTURE

Year and month	Indus- :trial pro- :duction :(1923-25- :100) 1/ :	Income :of indus- :trial :(1923-25- :100) 1/ :	Cost of :Living :(1924-29= :100) 3/ :	Whole- :sale prices :of all com- :modities 4/ :	(1910-14=100)		Prices paid by farmers : :for commodities used : :in- 5/ :Liv-:Pro- :Living and:Farm : :ing :duction:Production:Wages:	Taxes 6/
1925	104	98	101	151	164	147	157	176
1926	108	102	102	146	162	146	155	179
1927	106	100	100	139	159	145	153	179
1928	111	100	99	141	160	148	155	179
1929	119	107	99	139	158	147	153	180
1930	96	88	96	126	148	140	145	167
1931	81	67	88	107	126	122	124	130
1932	64	46	79	95	108	107	107	96
1933	76	48	76	96	109	108	109	85
1934	79	61	78	109	122	125	123	95
1935	90	69	80	117	124	126	125	103
1936	105	80	81	118	122	126	124	111
1937	110	94	84	126	128	135	130	126
1938	86	73	82	115	122	124	122	124
1939	105	78	82	113	120	122	121	124
1939-March	98	79	82	112	119	122	120	121
April	92	75	82	111			120	
May	92	75	81	111			120	
June	98	80	81	110	119	121	120	126
July	101	80	81	110			120	
August	103	83	81	109			119	
September	111	86	82	115	122	123	122	126
October	121	91	82	116			122	
November	124	93	82	116			122	
December	128	93	82	116	121	124	122	
1940-January	119	93	82	116			7/ 122	119
February	109	7/ 89	82	115			7/ 122	
March							7/ 122	

(See footnotes on pages 22 and 23.)

1908-40-21



:Index of prices received by farmers(Aug.1909-July 1914=100): Ratio of
 : :Cotton : :Truck:Meat:Dairy:Chick- : All : prices re-
 :Grains: and :Fruits:crops:ani-:prod-:ens and: Groups : ceived to
 : :cotton-: : :mals:ucts :eggs : : prices
 : :seed : : : : : : paid

Year and month

1925	157	177	172	153	140	153	163	156	99
1926	131	122	138	143	147	152	159	145	94
1927	128	128	144	121	140	155	144	139	91
1928	130	152	176	159	151	158	153	149	96
1929	120	144	141	149	156	157	162	146	95
1930	100	102	162	140	133	137	129	126	87
1931	63	63	98	117	92	108	100	87	70
1932	44	47	82	102	63	83	82	65	61
1933	62	64	74	105	60	82	75	70	64
1934	93	99	100	103	68	95	89	90	73
1935	103	101	91	125	118	108	117	108	86
1936	108	100	100	111	121	119	115	114	92
1937	126	95	122	123	132	124	111	121	93
1938	74	70	73	101	114	109	108	95	78
1939	72	73	77	105	110	104	94	93	77
1939-March	66	71	81	110	116	100	88	91	76
April	67	70	82	95	114	95	87	89	74
May	72	72	85	88	112	92	85	90	75
June	73	73	93	105	107	94	83	89	74
July	66	73	80	99	107	96	89	89	74
August	64	71	70	99	101	100	90	88	74
September	83	76	73	117	117	107	102	98	80
October	77	74	73	128	112	112	108	97	80
November	79	75	66	123	107	117	117	97	80
December	87	82	65	96	101	118	97	96	79
1940-January	90	85	66	117	103	119	91	99	7/ 81
February	91	85	76	163	101	118	98	101	7/ 83
March	92	85	73	128	102	114	83	97	7/ 80

1/ Federal Reserve Board, adjusted for seasonal variation. 2/ Adjusted for seasonal variation. 3/ Monthly indexes for months not reported by the Bureau of Labor Statistics are interpolated by use of the National Industrial Conference Board cost-of-living reports. 4/ Bureau of Labor Statistics index with 1926=100, divided by its 1910-14 average of 68.5. 5/ These indexes are based on retail prices paid by farmers for commodities used in living and production reported quarterly for March, June, Sept., and Dec. The indexes for other months are interpolations between the successive quarterly indexes. 6/ Index of farm real-estate taxes (per acre. Base (see next page)

(Footnote - continued)

period represents taxes levied in the calendar years 1909-13, payable mostly within the period August 1, 1909-July 31, 1914.

7/ Preliminary.

NOTE: The index numbers of industrial production and of industrial workers' income shown above are not comparable in several respects. The base periods are different. The production index includes only mining and manufacturing; the income index also includes transportation. The production index is based on volume only, whereas the income index is affected by wage rates as well as by time worked. There is usually a time lag between changes in volume of production and in workers' income, since output can be increased or decreased to some extent without much change in the number of workers.

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